



# OAG

Office of the Auditor General

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**Doug A. Ringler, CPA, CIA**  
Auditor General

October 3, 2016

Dear Governor Snyder, Senators, and Representatives:

This letter provides information regarding the status of our audit projects that either began or transitioned into new audit phases during September 2016. Please refer to our website's [Work in Process](#) for a complete listing of ongoing projects. Although you will no longer receive individual letters reporting the start of audits or approved audit objectives, we would be pleased to discuss with you any interests or areas of concern you have with any of our ongoing projects.

**Planning Phase** - These are new projects. Typical activities include conducting: the audit entrance meeting; a preliminary survey to identify the audited entity's core activities; assessments of risks and corresponding controls to identify potential program or process improvements or deficiencies; interviews with management and staff, development of detailed audit objectives, and many other tasks.

<b>Department</b>	<b>Audit Title and Type</b> (Performance – per / Financial – fin / Follow-up - fol / Contracted - con)	<b>Project Number</b>
Environmental Quality	Air Quality Division - (per)	761-0142-16

**Audits Terminated** - For these projects, after completing the planning phase, we concluded that significant risk did not exist to warrant additional use of audit resources or that extenuating circumstances supported the termination of the project. We issued a Preliminary Survey Summary to reflect this conclusion, distributed copies to management and select legislative members, and posted the summaries on our website.

<b>Department</b>	<b>Audit Title and Type</b>	<b>Project Number</b>
Transportation	Field Services System Operations Section - (per)	591-0167-16

**Audit Fieldwork** - Typical activities include: additional management and staff interviews; detailed testing of financial transactions, case files, information systems, and other documentation which support the entity's operations; status updates with management and staff; and other tasks.

<u>Department</u>	<u>Audit Title and Type</u>	<u>Project Number</u>
Health and Human Services	Medicaid Ambulance, Dental, and Emergency Room Claims - (per)	391-0716-16

**Approved Objectives:**

1. To assess the effectiveness of MDHHS's efforts to ensure the propriety of ambulance, dental, and emergency room claim payments.
2. To assess the effectiveness of MDHHS in ensuring that ambulance, dental, and emergency room claims are processed in a timely manner.

Talent and Economic Development	Michigan Strategic Fund - (fin)	271-0401-17
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Talent and Economic Development	Michigan Economic Development Corporation - (fin)	271-0406-17
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**Approved Objectives:**

1. To express an opinion on whether the entity's financial statements are fairly presented in conformity with accounting principles generally accepted in the United States of America.
2. To issue a report on internal control over financial reporting and on compliance and other matters in accordance with generally accepted government auditing standards.

Statewide	Statewide Single Audit - (sa)	000-0100-17
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**Approved Objectives:**

1. A single audit determines whether the financial statements are presented fairly and considers internal control over financial reporting and on compliance and other matters.
2. In addition, the single audit evaluates the State's compliance with laws, regulations, and provisions of contracts or grant agreements that may have a direct and material effect on each of its major programs.

Talent and Economic Development	Single Audit of the Unemployment Insurance Agency - Administration Fund for the Fiscal Year Ended September 30, 2016 - (con)	NA
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Talent and Economic Development	Single Audit of the Unemployment Insurance Agency - Unemployment Compensation Fund for the Fiscal Year Ended September 30, 2016 - (con)	NA
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Talent and Economic Development	Single Audit of the Michigan State Housing Development Authority for the Fiscal Year Ended June 30, 2016 - (con)	NA
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**Approved Objective:**

1. To issue a report on compliance for each major program, internal control over compliance, and the schedule of expenditures of federal awards as required by OMB Circular A-133.

<b>Department</b>	<b>Audit Title and Type</b>	<b>Project Number</b>
Talent and Economic Development	Unemployment Insurance Agency - Administration Fund - Financial Report for the Fiscal Year Ended September 30, 2016 - (con)	NA
Talent and Economic Development	Unemployment Insurance Agency - Unemployment Compensation Fund - Financial Report for the Fiscal Year Ended September 30, 2016 - (con)	NA
Talent and Economic Development	Unemployment Insurance Agency - Contingent Fund - Financial Report for the Fiscal Year Ended September 30, 2016 - (con)	NA
Talent and Economic Development	Unemployment Insurance Agency - Obligation Trust Fund - Financial Report for the Fiscal Year Ended September 30, 2016 - (con)	NA
Talent and Economic Development	Michigan State Housing Development Authority - Financial Report for the Fiscal Year Ended June 30, 2016 - (con)	NA
Technology, Management, and Budget	State Building Authority - Financial Report for the Fiscal Year Ended September 30, 2016 - (con)	NA
Technology, Management, and Budget	State Sponsored Group Insurance Fund - Financial Report for the Fiscal Year Ended September 30, 2016 - (con)	NA
Transportation	Mackinac Bridge Authority - Financial Report for the Fiscal Year Ended September 30, 2016 - (con)	NA
Treasury	Bureau of State Lottery - Financial Report for the Fiscal Year Ended September 30, 2016 - (con)	NA
Treasury	Michigan Education Savings Program - Financial Report for the Fiscal Year Ended September 30, 2016 - (con)	NA
Treasury	Michigan Finance Authority - Financial Report for the Fiscal Year Ended September 30, 2016 - (con)	NA
Treasury	Michigan Education Trust, Plan D - Financial Report for the Fiscal Year Ended September 30, 2016 - (con)	NA
Treasury	Michigan Education Trust, Plans B & C - Financial Report for the Fiscal Year Ended September 30, 2016 - (con)	NA

**Approved Objectives:**

1. To express an opinion on whether the entity's financial statements are fairly presented in conformity with accounting principles generally accepted in the United States of America.
2. To issue a report on internal control over financial reporting and on compliance and other matters in accordance with generally accepted government auditing standards.

Please note that some projects, particularly financial audits and follow-up reports, operate from pre-established audit objectives and, therefore, move directly to the audit fieldwork stage.

**Report Preparation** - Typical activities include: preparing the draft audit report, discussion of draft findings with the audited entity, receipt of the entity's preliminary responses to findings, and other tasks.

<b>Department</b>	<b>Audit Title and Type</b>	<b>Project Number</b>	<b>Estimated Audit Release Date</b>
Corrections	Parole Eligibility Consideration Process - (per)	471-0121-16	November 2016
Licensing and Regulatory Affairs	Michigan Medical Marijuana Program - (per)	641-0435-16	November 2016
Technology, Management, and Budget	Disaster Recovery and Business Continuity of Information Technology Systems - (per)	071-0511-15	November 2016

### Audits Released

<b>Department</b>	<b>Audit Title and Type</b>	<b>Project Number</b>	<b>Date Released</b>	<b>Number of</b>	
				<b>Material Weaknesses</b>	<b>Reportable Conditions</b>
State Police	Commercial Vehicle Enforcement Division - (per)	551-0144-15	9/8/2016	0	2
Health and Human Resources	Adult Protective Services - (fol)	431-2601-13F	9/14/2016	4	5
Licensing and Regulatory Affairs	Michigan Justice Training Fund - (fin)	551-0101-16	9/15/2016	0	0
Transportation	Use of Transportation-Related Funding - (per)	591-0105-16	9/20/2016	0	0
Technology, Management, and Budget	State Employees' Retirement System - Schedules of Employer Allocations and Collective Pension Amounts by Employer - FY Ended September 30, 2015 - (fin)	071-0165-16	9/21/2016	0	0
Treasury	Corporate Income Tax and Michigan Business Tax - (per)	271-0240-15	9/21/2016	0	7

Although we report this information to you on a monthly basis, we immediately correspond with management and staff as our projects transition through the various stages referenced above.

Please contact me or Laura Hirst, Deputy Auditor General, at (517) 334-8050 if you have questions regarding this summary or wish to discuss specific audit projects.

Sincerely,



Doug Ringler  
Auditor General

c: Agency Audit Liaisons  
SBO-Office of Internal Audit Services